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AS PREPARED FOR DELIVERY

Thank you for inviting me to talk to you today.

Meeting, and working with, people in the energy industries has been a major part of my experience in Canada.

I think many of you probably know that, since I've put a lot of time into visiting you and other Canadian energy producers - – from the hydroelectric facilities north of here in Radisson, Quebec, to ethanol producers, to the oil sands in northern Alberta, to fuel cell research labs, and to nuclear power plants.

This doesn't just reflect my own curiosity or a desire to travel to far-flung places. It reflects the concerns of the U.S. administration.

It reflects the understanding that my boss, president bush, has about the importance of energy policy and about the importance of Canada as a player in the world's energy industries. And I'll return to this point shortly.

I became the ambassador to Canada in the spring of 2001. Less than a month after I got to Ottawa, the administration produced the national energy policy, also known as the Cheney report.

The report was a product not just of the vice-president and the secretary of energy, but of the complete cabinet team.

It had members from the environmental protection agency and the departments of state, the interior, agriculture, transportation and other federal agencies.

This completely defied cynical predictions about the administration being, supposedly, preoccupied with oil.

The report took an absolutely comprehensive long-term look at our current and future energy options.

No less than 42 of its 105 recommendations dealt with conservation and environmental goals, which the administration has been implementing over the intervening three and a half years.

President bush's administration has launched major initiatives on climate change and energy technology, both of which put international cooperation at the top of the agenda.

The national energy policy report recognized Canada's key importance as an energy partner.

We said that we would work together vigorously to make a great relationship even better.

That report was received very positively throughout Canada, which added to its momentum. Through all the immediate challenges of the war on terrorism and our military actions in Afghanistan and Iraq, this administration has seen that north America not only can be, but must be, more secure in energy terms.

We can see that Canada's immense energy potential has huge implications in this context.

And when we meet colleagues who do not know this, we tell them about it. My public communications as ambassador have stressed this message over and over.

Canada's huge role in North America energy security needed to be recognized. Canada is not just our number-one supplier of total energy; it is number-one by a margin of almost two-and-a-half to one over the next contender, Venezuela.

What i want to talk to you about today is something that receives varying degrees of attention from year to year, and that's the issue of the global environment and climate change.

We heard a lot about this during my first couple of years as United States ambassador to Canada, but in the past couple of years it seems to have received less coverage.

Yet our two governments, the United States and Canada, are doing quite a bit, working closely together towards solutions.

First, i want to place this subject into context.

There has been a perception that environmental, energy and other policies have taken a back seat to national security in the United States over the last two years.

That perception is partly right. The overriding, number one priority of the president and the government of the United States is combating international terrorism.

I believe that this will remain our guiding priority for some time to come. And we and our allies, including Canada, have been taking decisive measures to ensure our individual and collective security.

But we have other priorities as well. We are a big country and we work on more than one thing at a time.

The United States government is a huge organization conducting complex business in the real world and we simply couldn't focus 100 percent of our attention on a single objective, such as security.

But even if we did, security has many dimensions: territorial defense, food, water, energy, the environment, air quality – all are areas in which citizens understandably expect their governments to prevent instability and degradation.

The theme I'd like to explore today is that not only has the United States government often been a world leader in this role, but that the bush administration has continued that leadership – whether or not this aspect of u.s. policy has received much attention in the past couple of years.

We are North Americans; our history was largely about conquering huge amounts of geography. In our early decades, the continent's wide open spaces and expanding frontier conveyed a sense of limitless resources, an inexhaustible natural bounty that governments had to overcome, rather than protect.

But over the past two hundred years – through the rise of Audubon societies in the late 1800's, to the key environmental laws of a century later -- this perception fundamentally changed toward one of conservation. Americans and their governments were often at the forefront of this cultural shift.

Around the year 1900, just as America's wild frontier was closing, the conservation movement began to make itself felt in u.s. government policy.

President Theodore Roosevelt made the wise use of natural resources a priority of government and established a network of national parks and reserves across the country.

From then onward, government came to be viewed as the guardian of the nation's remaining wilderness.

Environmental consciousness grew during the 20th century, particularly in the 1960s. The national environmental policy act of 1970 recast the government's role in dealing with the environment.

it made government not just the conserver of wilderness, but also the protector of air, land and water resources.

This was followed by landmark environmental legislation including the Clean Air Act of 1970, the Clean Water Act of 1972, the Endangered Species act of 1973, the Resources Conservation Act of 1976 and the so-called Superfund Clean-up law of 1980.

These measures were among the first laws of their type in the world and they had impressive effects over the next two decades.

From the mid-1970s to the mid-1990s, the population of the United States rose more than 25 per cent.

Its economy more than doubled in size and vehicle use grew by 125 per cent. Yet all this growth was accompanied by a dramatic improvement in the nation's air quality.

A car built today emits about 1/20th of the pollution emitted by its ancestor in 1970. Lead has been completely eliminated from gasoline and smog has actually begun to recede as an environmental issue.

This is a direct result of active environmental policy, combined with private sector investments necessary to bring about such massive change.

We have also had significant federal, state and local investments in sewage treatment plants, and better industrial wastewater management.

The united states environmental protection agency estimates that some 70 per cent of lakes, rivers and streams meet state water quality goals, up from only 30 per cent three decades ago.

Through the 1980 superfund legislation i mentioned, we have cleaned up at great cost over half of the nation's 1,300 most toxic waste dumps.

And the so-called Brownfield clean-up program has rehabilitated more than 500,000 less hazardous sites in urban areas, making them available again for recreational and commercial use.

United states companies have learned that innovation and resource conservation are good for business.

Soft drink cans weigh at least one quarter less than they did in the 1960s. Tall buildings require only about one third as much steel.

Fiber optic cable carries tens of thousands of times more information per pound of material than copper wire could.

As these observations show, in many respects, our environment is healthier today than it was a generation ago despite the significant population and economic growth that has occurred.

President bush and his administration understand that these are only first steps in an ongoing effort. The president's environmental strategy builds on these successes using technology, innovation and partnership in ways that will work with business, not against it.

This administration understands that real environmental progress often takes big investments, usually on the part of both industry and government, and it needs to be financed. Ultimately, environmental progress requires prosperity.

During his two terms as governor of Texas, president bush set high environmental standards and he recruited vigorous participation from the private sector, and together they achieved impressive results.

In 1999 then-governor bush supported and signed legislation to reduce nitrogen oxide emissions by 50 per cent and acid rain-causing compounds by 25 per cent, reductions well beyond those required by Washington.

When his administration took office in early 2001, the president had a strategic plan to build a stronger American economy.

An important piece of this plan involved renewing the energy sector, where investment in key infrastructure had virtually dried up.

The national energy policy report of May 2001 recognized the interdependence, even the complementarity, of energy and environmental policy.

No less than 42 of the report's 125 recommendations relate to conservation and environmental goals.

The report was not just about current technologies, not just about our energy security in the current decade, while we are still dependent on fossil fuels.

It was also about new technologies, and about where our energy strength is going to come from in 30 to 50 years and beyond.

A lot of hard working people in the bush administration have been doing enormous amounts of work over the past four years to realize that vision.

Before we talk about what we have been doing, let me recap the major goals of the national energy policy report.

The report, first of all, talked about modernizing conservation.

As president bush said when the report was released: conservation does not necessarily mean doing without.

Thanks to new technology it can mean doing better and smarter and cheaper.

The report also focused on modernizing energy infrastructure because the energy we have is valuable insofar as it can be transported safely and reliability to customers.

Now, the massive power outage that occurred in Ontario and large parts of the northeast of the united states in 2003 was a clear reminder that our network of generating and storage facilities in some cases was strained and deteriorating.

President bush called prime minister Chrétien to propose a joint investigation into the causes.

Our energy secretary and your natural resources minister met to begin the process of determining what happened and how to avoid similar events in the future.

Even before the outage, our leadership understood that inadequate generation and transmission infrastructure was contributing to bottlenecks, price spikes, and supply disruptions.

The bush administration understood and admitted that, to a significant extent, government was responsible for these limitations.

In many cases, the key issue was about making the regulatory framework known, workable and predictable over the length of time needed for investment to happen.

It was not about whether or not we should have an environmentally sound regulatory framework; it was about making that system work for real-life businesses.

Otherwise our energy infrastructure would become even more obsolete.

The same principle also applies to accelerating the protection and the improvement of the environment. Real life investors had to find the results tolerable and workable.

If they did, we would get cleaner and better infrastructure. So good energy policy could yield both a more secure supply of energy, and a cleaner environment.

Indeed, it was the very lack of a comprehensive energy policy that was one of the major factors impeding progress on climate change in the United States.

The bush administration began to address that issue from its first day in office.

When politicians confront urgent supply disruptions, they are forced to take urgent measures to restrict demand and restore supply, often at the expense of good environmental policy and the efficient allocation of scarce resources.

Environmental rules for some projects had to be waived in California around the time of the power crisis of 2000. This was understandably criticized.

But those waivers would never have been required if new clean plants had been built in a timely manner.

Another key part of the national energy policy has been to increase energy supplies and to find them from a full range of sources.

Rather than relying on a narrow range of energy options, the president's strategy is to diversify our supply of energy to include domestic oil, gas, clean coal, hydro power and nuclear, as well as renewable and alternative sources.

The benefits of a diverse range of energy options are obvious: consumers in businesses who have stable supplies of affordable energy, and at the same time we can enhance national security and protect the environment.

To accomplish this, the national energy policy recommended funding research into alternative and renewable energy resources.

It called for funds for clean coal technology research and it called for the safe expansion of nuclear energy.

The final goal of the president's strategy called for increasing our energy security.

We want to focus on building even stronger relationships with energy producing nations in our own hemisphere.

This has applied particularly to Canada and Mexico, with whom the report proposed forming a North American energy working group.

That group has been working for three and a half years now and is showing results in a wide variety of areas, particularly with respect to coordinating energy research and development efforts.

I mentioned that the lack of a comprehensive energy policy was part of our problem in 2001.

The U.S. approach to climate change was a symptom of this.

The previous administration had not brought the Kyoto Protocol to the senate for ratification because the unanimous resolution passed by the senate in 1997 had set two conditions that had not been met.

One was that the treaty should not exempt developing countries from coverage. The other was that the treaty should not cause serious harm to the United States' economy.

There was, however, no formal alternative U.S. government policy to the Kyoto Protocol. So in March of 2001, president bush took the first logical step toward addressing this vacuum.

He formalized the de facto policy that had been in effect since the 1997 senate resolution.

This meant announcing that the United States would not join the protocol while reaffirming that the United States remains committed to the central goal of the un framework convention to stabilize greenhouse gas concentrations in the atmosphere.

The United States has since been pursuing this goal through means other than the Kyoto Protocol.

In June 2001, the president created the cabinet committee on climate change, science and technology.

The following month, we launched the international agreement on carbon capture and storage in which Canadian oil and gas companies are now participating.

In January 2002, the secretary of energy launched the freedom car program, a new cooperative automotive research program between the department of energy and major automakers.

This program funds research into advanced, efficient fuel cell technology which will use hydrogen to power automobiles.

Most importantly, in contrast to the lack of policy direction that existed when he took office, in February 2002 president bush announced a multi-billion dollar raft of climate change initiatives.

These were designed to slow, stop and ultimately reverse the growth of greenhouse gas emissions.

The administration is committed to cutting America’s greenhouse gas intensity - that means emissions per unit of economic activity - by 18 per cent over the next ten years.

This is the equivalent of taking 70 million cars off the road. It will require a major commitment once again to new technology on the part of our people, businesses and government.

But it is achievable because it is based on the common sense idea that economic growth is part of environmental progress.

Economic growth provides the resources for investment, which, in turn, brings clean and energy efficient technologies to life.

Voluntary partnerships have also been at the heart of the president's approach to environmental policy.

The federal government is committed to 60 different voluntary programs oriented to greenhouse gas reductions and energy efficiency.

At the regional, state and local levels there is an effective mix of voluntary and mandatory programs to address emissions, recycling, energy efficiency, alternative energy, reforestation and other areas.

For example, there are at least two dozen states participating in research on carbon capture and storage.

This administration sees state and local policy and business behavior as positive forces that can bring added leverage to its own policy.

The president's budget for fiscal year 2005 proposes a record $5.8 billion U.S. for climate-related programs.

This would be an increase of $700 million, or 13.9 percent, from the previous year as enacted, which in turn was up $700 million from the year before that, which itself was a record at the time.

This is a bigger commitment of resources to addressing climate change than any other nation in the world.

In fact, the United States spends more on climate change research than the 15 nations of the European union and Japan combined.

It follows through directly and tangibly on the commitment we made in the 2001 national energy policy.

We are following through in energy efficiency and conservation and the use of biomass clean coal carbons, carbon sequestration, geothermal energy, hydro-powered, nuclear and wind.

We are investing hundreds of millions of dollars in the development of long-term alternative energy technologies such as hydrogen infusion energy, which may provide the basis for our energy future a generation from now.

The administration understands very well also that the United States is not an island.

I have already referred to the north American energy working group and the national energy policy makes clear we are committed to working with international partners on climate change and energy supply issues because these problems are global in their scope.

To prove it, in March 2002 despite our differences and perspectives on the Kyoto Protocol, the governments of the United States and Canada signed two international agreements on renewable energy and climate science.

These made it clear to each other and to the world that we are committed to expand and intensify shared efforts to address global climate change, whether or not either of us chose to ratify Kyoto.

Since then, the United States has developed similar collaborative arrangements with countries around the world.

The president pledged to help developing countries address environmental problems, including climate change, through the UN's global environmental facility.

The administration has committed $500 million U.S. to this effort over four years, the most of any country in the world.

At the 2002 world summit on sustainable development in Johannesburg, South Africa, secretary of state Colin Powell and then EPA administrator Christine Todd Whitman launched the Congo Basin Forest Partnership to preserve tropical forests in Africa, a commitment of $50 million u.s.

Since 2002, energy secretary Abraham and the department of energy followed up on the Freedomcar initiative with other steps to accelerate the development of hydrogen technologies.

In 2003 the president proposed $1.2 billion in research funding to develop hydrogen-powered automobiles.

Also in 2003, the president announced that the United States would sponsor futuregen, the world's first coal-based, zero emissions electricity and hydrogen power plant. This is becoming a centerpiece of the international carbon sequestration leadership forum which involves our international partners in a co-operative effort to find effective ways to capture and store carbon dioxide.

We invited Canada, with its significant energy and environmental expertise, to become a chartered member of CSLF.

And I am pleased to say the Canadian government accepted our offer and is now part of our international team.

The administration also invited Canada to be a leading member of the new international forum on hydrogen development and the international partnership for the hydrogen economy.

These are much needed initiatives if we are going to avoid duplicating our efforts on hydrogen research and attract the best available scientific and engineering talent, which we need to solve the problems and make the breakthroughs, which will ultimately liberate us from relying on fossil fuels.

Again, I am pleased to say that Canada responded positively, because we need your leading know-how.

The same is true of our methane to markets initiative, a new and innovative program that will at once promote energy security, improve environmental quality, and reduce greenhouse gas emissions.

The partnership will work closely with the private sector around the world in targeting methane currently wasted from leaky oil and gas systems, from underground coalmines, and from landfills. The United States will commit up to $53 million U.S. over the next five years to the partnership, and we hope that Canada will be there when the initiative kicks off next month.

In July 2003, the bush administration hosted the multilateral earth observation summit in Washington, DC.

This summit, at which we were again pleased to host minister Anderson, aimed to reinvigorate and deepen our comprehensive observation of the earth climate system so we have a better and more detailed understanding of everything that is going on in the biosphere, a key part of understanding the dynamics of climate change.

Admiral Conrad Lautenbacher, head of our national oceanic and atmospheric administration, NOAA, has visited Ottawa to exchange views with Canadian officials and the public on a range of environmental-related issues.

In particular, admiral Lautenbacher talked with Canadian ministers about the need for the international community to make sustained, systematic observations of the oceans and the atmosphere, something that is vital to progress on climate research.

We are looking forward to having the admiral back again in coming weeks to pursue these discussions.

As many of you know, comprehensive energy legislation did not emerge from congress this year.

But this does not mean that we did not make progress.

Quite the contrary: while it has been a long, hard road, a lot of very valuable work has been done within the administration and on both sides of congress.

Most of the players recognize the importance of such legislation or we would not have come this far.

In a few areas, such as the financing of the Alaska natural gas pipeline, legislative vehicles were found before the end of session.

Now, after this litany of initiatives and budget items, you may have heard more than you expected to hear about the bush administration's performance on energy policy and the global environment.

But I do believe that the over-simplification of these enormous issues into crude black and white paradigms - such as ratifying or not ratifying Kyoto, or passing or not passing a comprehensive energy bill - has done a disservice to the North American public.

It is simply not correct or fair to reduce this administration's four-year record on energy, global climate change or environmental policy to such simplistic measures.

So if you hear someone say that the United States has a bad environmental record, or that president bush doesn't care enough about the environment to ratify Kyoto, I hope you will speak out and speak up against these obvious misperceptions.

Mention that the modern movements for wilderness conservation and environmental protection have deep roots in the American society.

Mention that our air and water and cars are much cleaner now than a generation ago.

Mention that the United States senate passed a resolution, under the previous administration, that made it effectively impossible for the current president to ratify the Kyoto accord.

Mention that under president bush the U.S. government has worked to tighten vehicle emission standards, update the clear skies proposal for power plant, and launched multi-billion initiatives to reducing greenhouse gas emissions, committing more resources to this effort than any other country on the planet by far.

I thank you for working with me and with my government over the past three and a half years that I’ve had the privilege of spending in Canada; I thank you for your time today; and i will be very happy to respond to any questions you might have.